

New Mexico State University

# ARROWHEAD CENTER

LEADING ECONOMIC DEVELOPMENT FOR NEW MEXICO STATE UNIVERSITY



## External Service Providers to the National Security Technology Incubator

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Live, Learn and Thrive

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# **External Service Providers to the National Security Technology Incubator**

## **1.0 INTRODUCTION**

This report documents the identification and assessment of external service providers to the National Security Technology Incubator (NSTI) program for southern New Mexico. In addition, the services of NSTI are described as a framework for assessing the need for external services providers. The NSTI program is being developed as part of the National Security Preparedness Project (NSPP), funded by Department of Energy (DOE)/National Nuclear Security Administration (NNSA) Grant No. DE-FG52-07NA28084. This document is a deliverable due February 28, 2008, as performance measure 1.3.2 of Grant No: DE-FG52-07NA28084 (reference: Arrowhead Center proposal, Page 15).

The purpose of the NSPP is to promote national security technologies through business incubation, technology demonstration and validation, and workforce development. The NSTI program will focus on serving businesses with national security technology applications by nurturing them through critical stages of early development. The vision of the NSTI program is to be a successful incubator of technologies and private enterprise that assist the NNSA in meeting new challenges in national safety and security. The mission of the NSTI program is to identify, incubate, and accelerate technologies with national security applications at various stages of development by providing hands on mentoring and business assistance while simultaneously stimulating economic growth throughout southern New Mexico.

A basic strategy of the NSTI is to leverage business assistance resources offered by external organizations and individuals. This strategy allows NSTI to provide more diverse services than it can offer alone to its clients. Relationships with external service providers will be formalized through written agreements, assuring a consistent referral network. Going forward, NSTI will continue to evaluate its clients' needs for services and to respond to those requirements either in-house or through reliance on external providers.

This report contains 1) a summary of the services to be provided by NSTI; 2) organizational descriptions of external service providers; and 3) a comparison of NSTI services and services of external providers.

## **2.0 NATIONAL SECURITY TECHNOLOGY INCUBATOR SERVICES**

The following services have been identified and recommended by the National Business Incubation Association (NBIA) for developing any incubator program and answering the needs of the small and start-up business. The NSTI program will scope these basic services based upon the level of available resources, funding, and availability of incubator space.

1. Assistance with business plans, strategic planning, marketing, product commercialization, and financing;
2. Assistance with management plans and practices;
3. Entrepreneurship workshops;
4. Business development seminars;
5. Consultation and referral regarding intellectual property issues;
6. Specialized business assistance (legal, financial, accounting) using an established resource network;
7. Business address, mail service, Internet connection;
8. Assistance with networking and telecommunications;
9. Facility administration and front desk reception services;
10. Access to shared conference rooms; and

## 11. Use of copier and fax (usage charges only).

In addition to these basic services, the NSTI program will provide services tailored to small security technology businesses, including facilitated access to potential security technology customers (such as NNSA), part-time administrative support, access to technology demonstration funding, and engineering and technology development assistance.

The NSTI will take advantage of an on-going series of seminars and workshops on topics relevant to small businesses sponsored by the Entrepreneurship and Small Business Program, funded by a grant from the Small Business Administration (SBA). In addition to these seminars and workshops, the NSTI will offer additional networking opportunities through other sponsored special events. The NSTI also will support and promote educational and networking events hosted by other local, state, and national organizations and encourage participation in technology trade shows and exhibitions.

The NSTI will offer client companies training in proposal preparation for federal grants and contracts and assistance in acquiring the DUNS and CCR numbers their companies need for doing business with the federal government.

The NSTI will develop a network of professionals willing to offer services to its clients at a discounted fee. In addition, NSTI will rely upon its strategic partners, such as the New Mexico Small Business Development Center located in Las Cruces, New Mexico, for referrals to professionals, such as attorneys, who have a record of assisting start-up and small businesses.

Marketing and visibility-enhancement assistance will be offered to NSTI clients to promote their business, products, and services. NSTI staff will assist in the development of press releases and other promotional materials for client companies. Assistance also will be provided in reviewing client Web site content and other client marketing materials upon request. Referrals to partner organizations for creation and development of Web sites, brochures, and other marketing materials will be provided. All client companies will be listed on the Arrowhead Center Web site with a brief company description and a Web site link.

The NSTI, run by the Arrowhead Center, is part of New Mexico State University (NMSU) and thus has access to all that the university offers in assistance through business research services, seminars, and workshops to enhance small business development and thus greatly improve opportunity for success. Additional opportunities exist to collaborate on research with NMSU colleges and departments. In particular the NMSU Physical Science Laboratory (PSL), originally created by NMSU to provide scientific and engineering expertise to the White Sands Missile Range, now offers a wide range of quality services and products to its customers. PSL is organized into two departments that correspond to its major areas of specialization including 21<sup>st</sup> Century Aerospace and Information Sciences and Security Systems. As a center of excellence in unmanned aerial systems, PSL can collaborate with NSTI clients with the development and validation of various new national security technologies.

### 3.0 EXTERNAL SERVICE PROVIDERS

According to the Greenwood Consulting Group, Inc. (GCGI) feasibility study for an incubator in southern New Mexico (recently completed), a critical component for the success is the capability to provide a comprehensive set of business assistance services to help meet their needs for growth and expansion.<sup>1</sup> The NSTI must partner with external service providers to provide a complete set of business assistance services. External service providers are defined as those entities outside of the NSTI that offer general or specialized business and technology

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<sup>1</sup> Greenwood Consulting Group, Inc. (Jan 2008). Business incubator feasibility study for the Las Cruces, New Mexico area.

development assistance. These services may be similar to the basic services of the NSTI or more specialized. The external service providers will be made partners of the NSTI through formal agreements.

The practice of relying upon external providers to meet some client requirements is standard practice among incubators. For instance, the Technology Acceleration for National Security (TANS), a network of national security incubators, also utilize networks and partners to enhance their scope of services.

External service providers to the NSTI were evaluated by the following characteristics: types of business assistance provided, clientele focus, geographic proximity to Arrowhead Center, and other resources relevant to national security technology applications. The following are brief organizational descriptions of NSTI external service providers.

#### ***New Mexico Small Business Development Centers (NMSBDC)***

The NMSBDC is a network of 19 small business development centers located throughout the state of New Mexico including locations in Las Cruces at Doña Ana Community College (DACC), and Alamogordo at the New Mexico State University (NMSU) branch campus. The Arrowhead Center already shares many common characteristics with NMSBDC including Small Business Administration (SBA) funding. The state director of the NMSBDC also serves on the Arrowhead Center Board of Directors. The NMSBDC also administers the NxLevel™ Training Network for the state. The opportunities for collaboration with NMSBDC thus are extremely plentiful and will be discussed in more detail later in this document.

#### ***SCORE (“Counselors to America’s Small Business”)***

SCORE is a non-profit corporation that, in conjunction with the SBA, seeks to assist in the formation, growth, and success of small businesses throughout the United States. SCORE is currently the home to more than 10,500 volunteers representing more than 600 different business skills. These volunteers offer free or extremely low-cost workshops at locations throughout the country in addition to offering business counseling and advising services at no cost to the developing business. Regional SCORE representatives will refer appropriate national security technology businesses to the NSTI program in addition to augmenting the NSTI program’s business services.

#### ***NxLevel™ Education Foundation***

The NxLevel Entrepreneurial training program is an interactive small business assistance program that operates in conjunction with the SBA through the NxLevel Education Foundation. NxLevel offers classes and workshops for small business owners throughout the United States through a group of partnerships known as the NxLevel Training Network. The NxLevel Training Network describes its purpose as sharing “best practices among network partners, including effective operational, funding and management strategies.” In New Mexico, NxLevel is offered through the NMSBDC Lead Center located at the Santa Fe Community College. The NSTI intends to become a partner member of this network to enhance its ability to provide business assistance and build a successful incubator.

#### ***Mesilla Valley Economic Development Alliance (MVEDA)<sup>2</sup>***

MVEDA operates as part of a public/private sector partnership that provides economic development services to southern New Mexico. It is supported financially by the City of Las Cruces, Doña Ana County, New Mexico State University, Doña Ana Community College, the Las Cruces Public Schools, and over 90 local businesses and organizations. MVEDA collaborates with other state and regional economic development agencies including the New Mexico Economic Development Department and the New Mexico Economic Development Partnership in

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<sup>2</sup> Mesilla Valley Economic Development Alliance. Retrieved on February 22, 2008, from <http://www.mveda.com>.

not only bringing new jobs to New Mexico, but also providing facts and assistance needed for businesses to evaluate opportunities and incentives for operating in Doña Ana County. This established relationship as a strategic partner can serve as another extremely valuable resource for the NSTI program to identify and attract potential incubator clients with the targeted technologies for the NSTI program.

#### ***Women's Economic Self-Sufficiency Team (WESST Corp)***<sup>3</sup>

WESST Corp is a non-profit economic development organization with headquarters in Albuquerque, New Mexico, and offices located in Gallup, Las Cruces, Roswell, and Santa Fe. Their mission is to facilitate the start-up and growth of women and minority-owned businesses throughout the state of New Mexico. WESST Corp's web site indicates that services are available to any New Mexico resident seeking to start or grow a business. WESST Corp has assisted with the start-up and growth of over 1,830 small businesses. They also established a low-interest Revolving Loan Fund, which has approved more than 300 loans valued at over \$1.7 million. The NSTI will cultivate a relationship with the local WESST Corp office and provide information to them regarding the NSTI program.

#### ***Technology Ventures Corporation (TVC)***<sup>4</sup>

TVC was founded in 1993 by the Lockheed Martin Corporation as a part of its responsibility to manage the Sandia National Laboratories for the United States Department of Energy. It seeks to "facilitate the commercialization of technologies developed in national laboratories and research universities to create thriving companies and good jobs in New Mexico." They have attempted to achieve this objective, which is rather similar to that of the NSTI program, by offering numerous programs to assist technological entrepreneurs. TVC is headquartered in Albuquerque, New Mexico, with several branch offices, one of which is located in Las Cruces, New Mexico.

#### ***Funding Organizations***

In addition to traditional sources of operating capital such as banks, the NSTI will network with private and public groups that provide venture capital (VC) and angel investments. The venture capital firms that fund New Mexico business ventures include Altira Group LLC, ARCH Venture Partners, Flywheel Ventures, Tullis-Dickerson & Co., Inc., vSpring Capital and the Verge Fund.

### **4.0 BUSINESS INCUBATION RESOURCE NETWORK AND COLLABORATIONS**

NSTI will utilize a business incubation resource network to provide assistance services unavailable in-house. Table 1 lists business incubation services by provider. NSTI has identified organizational providers, such as the NM-SBDC, that will become formal partners with the NSTI. Other external providers, such as subject matter experts, are yet to be identified and networked as a resource.

Basic business and technical assistance must serve as the core of the NSTI program's development services. Very few small business owners have the capability of effectively developing the fundamental building blocks of a solid business. This is a large reason why more than half of all small businesses fail within their first four years of operation. The NSTI program will assist in the delivery of these building blocks to ensure success for its clientele. In meeting the basic fundamental needs, such as assistance with business planning, recommendations for accounting systems, assistance with developing marketing plans, and assistance in financing and capitalization options, the NSTI program will coordinate and partner with external service providers. In addition to the services provided by external service

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<sup>3</sup> WESST Corp Economic Development Team. Retrieved on February 18, 2008, from <http://www.wesst.org>.

<sup>4</sup> Technology Ventures Corporation. Retrieved on February 26, 2008, from <http://www.techventures.org/>



organizations identified above, the NSTI program will need to identify subject matter experts (SMEs) to address specialized needs such as legal assistance. The Arrowhead Center will utilize the established professional (such as legal) networks of the NMSDBC, as well as establish its own network. Another area of great need identified by the GCGI feasibility study is marketing. This is an area where Arrowhead Center will need to identify professional assistance for NSTI clientele in bringing their product to market. Although some of the identified external service providers can assist with market analysis or marketing plans, most do not specifically offer marketing advice.

**Table 1. Business Assistance Services by Provider**

Business Assistance Services	NSTI	MVEDA	TVC	NM-SBDC*	VC/Angels	WESST Corp	SMEs	Banks
Feasibility Studies	X							
Business Plans and Basic Business Functions	X		X	X		X		
Technology Commercialization	X		X		X			
Operations Financing						X		X
Shared Office Space/Business Services/Internet	X							
Management Plans and Practices	X							
Staff Recruitment and Development	X	X						
Entrepreneurship/Small Business Workshops	X		X	X				
Engineering and Manufacturing Assistance	X							
Angel Investment/Venture Capital					X			
Marketing Plans	X	X		X		X		
Financial/Accounting Assistance	X			X			X	
Federal Procurement Assistance	X	X		X				
Legal and Marketing Assistance				X			X	

\*includes SCORE and NxLevel

Although the NSTI program will focus exclusively on national security technology firms, the external service providers identified in this report do not necessarily have any affiliation or expertise in the national security technology sector. Because NSTI clientele will need both business and technical assistance, the identified external service providers will be extremely beneficial for businesses of the NSTI program. Small businesses, regardless of their business focus, all require comprehensive assistance throughout their incubation to enhance success.

The NSTI also will collaborate with business resources within the State that have a synergy with national security and supporting technologies. Examples of these resources include the Los Alamos National Laboratory's Industrial Business Development and Technology Commercialization Offices, which offer assistance for high-tech business start-ups in northern New Mexico utilizing emerging Laboratory technologies; and Sandia National Laboratories to encourage collaborations on emerging technologies that support the NNSA mission, in particular in nuclear non-proliferation programs and technologies.

Collaborative efforts in small business development have the potential to yield many mutually beneficial opportunities to augment the services provided in house by the NSTI program. A past Arrowhead Center study, *A Collaboration Plan: Arrowhead Center and the Small Business Development Center Network*, outlined some of the most significant opportunities that may arise through collaborative efforts with the NMSBDC and SBA. The NSTI program proposes to formalize a relationship with the NMSBDC Network as an entry point to reach entrepreneurs across New Mexico. Further opportunities may exist to create a state-wide referral network for

National Security Technology firms to the NSTI program from NMSBDC locations. This referral network would assist companies with more advanced needs for the resources and expertise of the NSTI program.

NSTI clientele also will have ready access to research, development, test, and development resources (human and physical) at NMSU. This access will be extremely beneficial to those firms still developing and testing new national security technologies, as well as provide researchers at NMSU and PSL with an added flow of new technologies and ideas.

The NSTI program will utilize the business relationships established with each of the external service providers to better assist incubator firms as well as attract new potential incubator clientele. The NSTI program will further employ MVEDA's extensive relationships with local banks to better assist incubator clients with fundraising and investment needs.

## **5.0 CONCLUSION**

A critical operational component of the NSTI will be its referral network of external service providers. This network of partners and other organizations and individuals will allow NSTI to offer a full complement of services required by technology incubator businesses. In addition to business assistance services, collaborative opportunities with service providers and other relevant organizations will be pursued.